

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7065
BILL NUMBER: SB 231

NOTE PREPARED: Feb 15, 2011
BILL AMENDED:

SUBJECT: Motor Vehicle Repair Insurance Claims.

FIRST AUTHOR: Sen. Merritt
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires a motor vehicle insurer to provide certain notice and payment with respect to a motor vehicle repair claim.

Effective Date: July 1, 2011.

Explanation of State Expenditures: (Revised) This bill provides that a motor vehicle insurer is required to provide certain notice and payment for motor vehicle repair claims. Failure to do so would be considered an unfair claim settlement. To the extent motor vehicle insurance providers are found to have engaged in unfair claim settlements, this bill will increase the workload of the Department of Insurance to investigate allegations and provide adjudicative proceedings to determine if an unfair claim settlement has been committed.

Explanation of State Revenues: If this bill increases the number of unfair claim settlements discovered by the Department of Insurance, revenue to the General Fund will increase from civil penalties paid by violators. The penalty for engaging in an unfair and deceptive act is one or more of the following: (1) a civil penalty between \$25,000 and \$50,000 for each act or violation and (2) revocation of a person's license or certificate of authority if they knowingly engaged in an unfair claim settlement. Actual increases in revenue are unknown.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Bill Brumbach, 232-9559.